

House File 2418 - Introduced

HOUSE FILE 2418
BY COMMITTEE ON ECONOMIC
GROWTH/REBUILD IOWA

(SUCCESSOR TO HSB 591)

A BILL FOR

1 An Act relating to economic development and the use of
2 funds by affecting programs, tax incentives, and project
3 completion and other assistance administered by the economic
4 development authority, by diverting withholding tax payments
5 for such programs, incentives, and assistance, by abolishing
6 the film tax credit program, by replacing references to the
7 economic development fund and financial assistance program,
8 and by providing spending authority, by providing for
9 properly related matters, and including effective date and
10 retroactive and other applicability provisions.
11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

HIGH QUALITY JOBS PROGRAM AND RELATED ASSISTANCE AND PROGRAMS

Section 1. Section 15.327, subsections 2, 5, 7, 8, 10, 12, and 13, Code Supplement 2011, are amended to read as follows:

2. ~~"Benefit" has the same meaning as defined in section 15G.101~~ means nonwage compensation provided to an employee.

Benefits typically include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, disability insurance coverage, and any other nonwage compensation as determined by the board.

5. ~~"Created job" has the same meaning as defined in section 15G.101~~ means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

7. ~~"Fiscal impact ratio" has the same meaning as defined in section 15G.101~~ means a ratio calculated by estimating the amount of taxes to be received from a business by the state and dividing the estimate by the estimated cost to the state of providing certain project completion assistance and tax incentives to the business, reflecting a ten-year period and expressed in terms of current dollars. For purposes of the program, "fiscal impact ratio" does not include taxes received by political subdivisions.

8. ~~"Maintenance period completion date" has the same meaning as defined in section 15G.101~~ means the date on which the maintenance period ends.

10. ~~"Project completion date" has the same meaning as defined in section 15G.101~~ means the date by which a recipient of project completion assistance has agreed to meet all the terms and obligations contained in an agreement with the authority.

12. ~~"Qualifying wage threshold" has the same meaning as defined in section 15G.101~~ means the laborshed wage for an eligible business.

1 13. ~~"Retained job" has the same meaning as defined in~~
2 ~~section 15G.101~~ means a full-time equivalent position, in
3 existence at the time an employer applies for financial
4 assistance which remains continuously filled and which is at
5 risk of elimination if the project for which the employer is
6 seeking assistance does not proceed.

7 Sec. 2. Section 15.327, Code Supplement 2011, is amended by
8 adding the following new subsections:

9 NEW SUBSECTION. 1A. *"Base employment level"* means the
10 number of full-time equivalent positions at a business,
11 as established by the authority and a business using the
12 business's payroll records, as of the date a business applies
13 for incentives or project completion assistance under the
14 program.

15 NEW SUBSECTION. 2A. *"Business engaged in disaster recovery"*
16 means a business located in an area declared a disaster area
17 by a federal official, that has sustained substantial physical
18 damage, that has closed as the result of a natural disaster,
19 and that has a plan for reopening that includes employing a
20 substantial number of the employees the business employed
21 before the natural disaster occurred.

22 NEW SUBSECTION. 6A. *"Financial assistance"* means assistance
23 provided only from the funds, rights, and assets legally
24 available to the authority pursuant to this chapter and
25 includes but is not limited to assistance in the form of
26 grants, loans, forgivable loans, and royalty payments.

27 NEW SUBSECTION. 7A. *"Full-time equivalent position"* means
28 a non-part-time position for the number of hours or days per
29 week considered to be full-time work for the kind of service
30 or work performed for an employer. Typically, a full-time
31 equivalent position requires two thousand eighty hours of work
32 in a calendar year, including all paid holidays, vacations,
33 sick time, and other paid leave.

34 NEW SUBSECTION. 7B. *"Fund"* means a fund created pursuant
35 to section 15.335B.

1 NEW SUBSECTION. 7C. "*Laborshed wage*" means the wage level
2 represented by those wages within two standard deviations
3 from the mean wage within the laborshed area in which the
4 eligible business is located, as calculated by the authority,
5 by rule, using the most current covered wage and employment
6 data available from the department of workforce development for
7 the laborshed area.

8 NEW SUBSECTION. 7D. "*Maintenance period*" means the period
9 of time between the project completion date and the maintenance
10 period completion date.

11 NEW SUBSECTION. 8A. "*Necessary physical infrastructure*
12 *project*" means a project that creates necessary infrastructure
13 for economic success throughout Iowa, provides the foundation
14 for the creation of jobs, and involves the investment of
15 a substantial amount of capital. Physical infrastructure
16 projects include but are not limited to projects involving
17 any mode of transportation; public works and utilities such
18 as sewer, water, power, or telecommunications; physical
19 improvements that mitigate, prevent, or eliminate environmental
20 contamination; and other similar projects deemed to be physical
21 infrastructure by the authority.

22 NEW SUBSECTION. 9A. "*Program support*" means the services
23 necessary for the efficient administration of this part,
24 including the delivery of program services to eligible
25 businesses. "*Program support*" may include the administrative
26 costs of providing project assistance, conducting a statewide
27 laborshed study in coordination with the department of
28 workforce development, outreach to business and marketing of
29 programs, the procurement of technical assistance, and the
30 implementation of information technology.

31 NEW SUBSECTION. 9B. "*Project completion assistance*" means
32 financial assistance or technical assistance provided to
33 an eligible business in order to facilitate the start-up,
34 location, or expansion of the business in this state and
35 provided in an expedient manner to ensure the successful

1 completion of the start-up, location, or expansion project.

2 NEW SUBSECTION. 10A. "*Project completion period*" means the
3 period of time between the date financial assistance is awarded
4 and the project completion date.

5 Sec. 3. Section 15.329, subsection 1, unnumbered paragraph
6 1, Code Supplement 2011, is amended to read as follows:

7 To be eligible to receive incentives or assistance
8 under this part, a business shall meet all of the following
9 requirements:

10 Sec. 4. Section 15.329, subsection 1, paragraph b, Code
11 Supplement 2011, is amended to read as follows:

12 b. (1) ~~The business has not closed or substantially~~
13 ~~reduced operations in one area of this state and relocated~~
14 ~~substantially the same operations in a community in another~~
15 ~~area of this state shall not be solely relocating operations~~
16 from one area of the state while seeking state or local
17 incentives. A project that does not create new jobs or
18 involve a substantial amount of new capital investment shall
19 be presumed to be a relocation. In determining whether a
20 business is solely relocating operations for purposes of this
21 subparagraph, the authority shall consider a letter of support
22 for the move from the affected local community.

23 (2) The business shall not be in the process of reducing
24 operations in one community while simultaneously applying
25 for assistance under the program. For purposes of this
26 subparagraph, a reduction in operations within twelve months
27 before or after an application for assistance is submitted to
28 the authority shall be presumed to be a reduction in operations
29 while simultaneously applying for assistance under the program.

30 (3) This paragraph shall not be construed to prohibit
31 a business from expanding its operation in a community if
32 existing operations of a similar nature in this state are not
33 closed or substantially reduced.

34 Sec. 5. Section 15.329, subsection 1, paragraph c,
35 subparagraphs (1) and (2), Code Supplement 2011, are amended

1 to read as follows:

2 (1) If the business is creating jobs, the business shall
3 demonstrate that the jobs will pay at least one hundred percent
4 of the qualifying wage threshold at the start of the project
5 completion period, at least one hundred ~~thirty~~ twenty percent
6 of the qualifying wage threshold by the project completion
7 date, and at least one hundred ~~thirty~~ twenty percent of
8 the qualifying wage threshold until the maintenance period
9 completion date.

10 (2) If the business is retaining jobs, the business
11 shall demonstrate that the jobs retained will pay at least
12 one hundred ~~thirty~~ twenty percent of the qualifying wage
13 threshold throughout both the project completion period and the
14 maintenance period.

15 Sec. 6. Section 15.329, subsection 2, Code Supplement 2011,
16 is amended by striking the subsection.

17 Sec. 7. Section 15.330, Code Supplement 2011, is amended to
18 read as follows:

19 **15.330 Agreement.**

20 A business shall enter into an agreement with the authority
21 specifying the requirements that must be met to confirm
22 eligibility pursuant to this part. The authority shall
23 consult with the community during negotiations relating to the
24 agreement. The agreement shall contain, at a minimum, the
25 following provisions:

26 1. A business that is approved to receive incentives
27 or assistance under this part shall, for the length of the
28 agreement, certify annually to the authority the compliance of
29 the business with the requirements of the agreement. If the
30 business receives a local property tax exemption, the business
31 shall also certify annually to the community the compliance of
32 the business with the requirements of the agreement.

33 2. The repayment of incentives or financial assistance
34 by the business if the business does not meet any of the
35 requirements of this part or the resulting agreement.

1 3. If a business that is approved to receive incentives
 2 or assistance under this part experiences a layoff within the
 3 state or closes any of its facilities within the state, the
 4 authority shall have the discretion to reduce or eliminate
 5 some or all of the incentives or assistance. If a business
 6 has received incentives or assistance under this part and
 7 experiences a layoff within the state or closes any of its
 8 facilities within the state, the business may be subject to
 9 repayment of all or a portion of the incentives or financial
 10 assistance that it has received.

11 4. A project completion date, a maintenance period
 12 completion date, the number of jobs to be created or retained,
 13 or certain other terms and obligations ~~described in section~~
 14 ~~15G.112, subsection 1, paragraph "d",~~ as the authority
 15 deems necessary in order to make the requirements in project
 16 agreements uniform. The authority, with the approval of
 17 the board, may adopt rules as necessary for making such
 18 requirements uniform. Such rules shall be in compliance with
 19 the provisions of this part ~~and with the provisions of chapter~~
 20 ~~15G.~~

21 5. The amount and type of project completion assistance to
 22 be provided under section 15.335B.

23 6. The amount of matching funds to be received by a business
 24 from a city or county. The authority shall adopt by rule a
 25 formula for determining the amount of matching funds required
 26 under the program.

27 7. The business shall not have closed or substantially
 28 reduced operations in one area of this state and relocated
 29 substantially the same operations in a community in another
 30 area of this state. However, this paragraph shall not be
 31 construed to prohibit a business from expanding its operation
 32 in a community if existing operations of a similar nature in
 33 this state are not closed or substantially reduced.

34 8. The proposed project shall not negatively impact other
 35 businesses in competition with the business being considered

1 for assistance. The authority shall make a good-faith effort
 2 to identify existing Iowa businesses within an industry in
 3 competition with the business being considered for incentives
 4 or assistance. The authority shall make a good-faith effort
 5 to determine the probability that the proposed incentives or
 6 assistance will displace employees of the existing businesses.
 7 In determining the impact on businesses in competition with the
 8 business being considered for incentives or assistance, jobs
 9 created or retained as a result of other jobs being displaced
 10 elsewhere in the state shall not be considered direct jobs
 11 created or retained.

12 9. A report submitted to the authority with its application
 13 describing all violations of environmental law or worker
 14 safety law within the last five years. If, upon review of the
 15 application, the authority finds that a business has a record
 16 of violations of the law, statutes, rules, or regulations that
 17 tends to show a consistent pattern, the authority shall not
 18 provide incentives or assistance to the business unless the
 19 authority finds either that the violations did not seriously
 20 affect public health, public safety, or the environment, or,
 21 if such violations did seriously affect public health, public
 22 safety, or the environment, that mitigating circumstances were
 23 present.

24 10. That the business shall only employ individuals legally
 25 authorized to work in this state. In addition to any and
 26 all other applicable penalties provided by current law, all
 27 or a portion of the incentives or assistance received under
 28 this part by a business that is found to knowingly employ
 29 individuals not legally authorized to work in this state is
 30 subject to recapture by the authority or by the department of
 31 revenue.

32 11. Any terms deemed necessary by the authority to effect
 33 compliance with the eligibility requirements of section 15.329.

34 **Sec. 8. NEW SECTION. 15.330A Maintenance of agreements.**

35 **1. An eligible business receiving incentives or assistance**

1 under this part shall meet all terms and obligations in an
2 agreement by the project completion date, but the board may
3 for good cause extend the project completion date or otherwise
4 amend an agreement.

5 2. During the maintenance period an eligible business
6 receiving incentives or assistance under this part shall
7 continue to comply with the terms and obligations of an
8 agreement entered into pursuant to section 15.330.

9 3. The authority may enforce the terms of an agreement as
10 necessary and appropriate.

11 Sec. 9. NEW SECTION. 15.331 Withholding tax payment
12 diversion.

13 1. If the authority enters into an agreement pursuant to
14 this part, or pursuant to chapter 15E, division XVIII, for
15 any of the incentives or assistance provided under this part,
16 the authority and the eligible business may agree to credit a
17 portion of the payments required under section 422.16 to the
18 authority as provided in this section.

19 2. a. An eligible business entering into a withholding
20 agreement with the authority pursuant to this section shall
21 remit the total amount of withholding payments due pursuant to
22 section 422.16 to the department of revenue.

23 b. The department of revenue shall, beginning July 1 of each
24 fiscal year, quarterly deposit in a fund created pursuant to
25 section 15.106A an amount equal to two and one-half percent of
26 the gross wages paid by the eligible business to each employee
27 holding a created or retained job covered by an agreement
28 entered into pursuant to this part or chapter 15E, division
29 XVIII, until such deposits reach ten million dollars or until
30 June 30 of the fiscal year, whichever comes first. Moneys to
31 be deposited pursuant to this paragraph shall not be paid to
32 the authority until the correct amounts have been verified by
33 the department of revenue.

34 3. Withholding payments shall be deposited pursuant to this
35 section by the department of revenue for each employee holding

1 a created or retained job for the duration of the agreement
2 between the eligible business and the authority.

3 4. The authority and the eligible business shall provide
4 to the department of revenue any information necessary to
5 correctly process the diversion of withholding tax payments
6 pursuant to this section.

7 5. An employee holding a created or retained job shall
8 receive full credit for the amount withheld as provided in
9 section 422.16.

10 6. If a portion of the employee's gross wages are subject
11 to a withholding credit diversion under chapter 260E, chapter
12 260G, or section 403.19A, or a supplemental withholding credit
13 diversion under sections 15A.7 and 15E.197, when a withholding
14 credit diversion under this section is agreed to, then the
15 withholding payments shall be credited in the following order
16 of priority:

17 a. First, the withholding payments to be credited pursuant
18 to chapters 260E and 260G and sections 15A.7 and 15E.197.

19 b. Second, the withholding payments to be credited pursuant
20 to this section until the deposits reach the amount specified
21 in subsection 2.

22 c. Third, the withholding payments to be credited pursuant
23 to section 403.19A.

24 7. The authority, in conjunction with the department of
25 revenue, shall adopt rules for the implementation of this
26 section.

27 Sec. 10. Section 15.335A, subsection 1, unnumbered
28 paragraph 1, Code Supplement 2011, is amended to read as
29 follows:

30 Tax incentives are available to eligible businesses as
31 provided in this section. The incentives are based upon the
32 number of jobs created or retained that pay at least one
33 hundred ~~thirty~~ twenty percent of the qualifying wage threshold
34 ~~as computed pursuant to section 15G.112, subsection 4,~~ and
35 the amount of the qualifying investment made according to the

1 following schedule:

2 Sec. 11. Section 15.335A, subsection 2, paragraphs b, c,
3 f, and g, Code Supplement 2011, are amended by striking the
4 paragraphs.

5 Sec. 12. Section 15.335A, subsections 3 and 4, Code
6 Supplement 2011, are amended by striking the subsections.

7 Sec. 13. Section 15.335A, subsection 5, Code Supplement
8 2011, is amended to read as follows:

9 5. The authority shall negotiate the amount of tax
10 incentives provided to an applicant under the program
11 in accordance with this section ~~and section 15G.112, as~~
12 ~~applicable.~~

13 Sec. 14. NEW SECTION. **15.335B Assistance for certain**
14 **programs and projects.**

15 1. *a.* Under the authority provided in section 15.106A,
16 there shall be established one or more funds within the state
17 treasury, under the control of the authority, to be used for
18 purposes of this section.

19 *b.* A fund established for purposes of this section shall
20 consist of the moneys deposited by the department of revenue
21 pursuant to section 15.331.

22 *c.* Interest or earnings on moneys deposited in a fund to be
23 used for the purposes of this section, and all repayments or
24 recaptures of the assistance provided under this section, shall
25 accrue to the authority and shall be used for purposes of this
26 section, notwithstanding section 12C.7. Moneys in a fund are
27 not subject to section 8.33.

28 2. *a.* Moneys deposited pursuant to subsection 1 shall be
29 allocated by the authority in appropriate amounts to be used
30 for the following purposes:

31 (1) For providing project completion assistance to eligible
32 businesses under this part and for program support of such
33 assistance.

34 (2) For providing economic development region financial
35 assistance under section 15E.232, subsections 1, 3, 4, 5, and

1 6.

2 (3) For providing financial assistance for business
3 accelerators pursuant to section 15E.351.

4 (4) For deposit in the innovation and commercialization
5 fund created pursuant to section 15.412.

6 (5) For providing financial assistance to businesses
7 engaged in disaster recovery.

8 (6) For providing financial assistance to Iowa's councils
9 of governments.

10 b. Each fiscal year, the authority shall estimate the
11 amount of revenues available for purposes of this section and
12 shall develop a budget appropriate for the expenditure of the
13 revenues available.

14 3. In providing assistance under this section, the
15 authority shall make a determination as to the amount and
16 type of assistance that is most appropriate for facilitating
17 the successful completion of an eligible business's project.
18 Before making such a determination, the authority shall do all
19 of the following:

20 a. Consider a business's eligibility for the tax incentives
21 available under section 15.335A and ensure that the amount of
22 assistance to be provided appropriately complements the amount
23 and type of tax incentives to be provided.

24 b. Consider the amount of private sector investment to be
25 leveraged by the project, including the eligible business's
26 equity investment, debt financing, and any venture capital or
27 foreign investment available, and make a good-faith effort to
28 provide only the amount of incentives and assistance necessary
29 to facilitate the project's successful completion.

30 c. Consider the amount and type of the local community
31 match. The authority may provide assistance to an early-stage
32 business in a high-growth industry regardless of the amount of
33 local match involved.

34 d. Calculate the fiscal impact ratio of the project and use
35 it to guide the provision of incentives and assistance under

1 this part.

2 *e.* Evaluate the quality of the project based on the factors
3 described in section 15.329, subsection 5, and any other
4 relevant factors.

5 *f.* Ensure that the combined amount of incentives and
6 assistance are appropriate to the size of the project, to
7 the value of the project, to the fiscal impact ratio of the
8 project, and to any other relevant factors.

9 4. Each eligible business receiving assistance under this
10 section shall enter into an agreement with the authority and
11 the agreement shall meet the requirements of sections 15.330
12 and 15.330A.

13 Sec. 15. NEW SECTION. 15.335C Economically distressed
14 areas.

15 1. *a.* Notwithstanding section 15.329, subsection 1,
16 paragraph "c", the authority may provide tax incentives or
17 project completion assistance under this part to an eligible
18 business paying less than one hundred twenty percent of the
19 qualifying wage threshold if that business is located in an
20 economically distressed area.

21 *b.* A business in an economically distressed area receiving
22 incentives or assistance pursuant to this section shall be
23 required to pay at least one hundred percent of the qualifying
24 wage threshold.

25 2. For purposes of this section, "*economically distressed*
26 *area*" means a county that ranks among the bottom twenty-five of
27 all Iowa counties, as measured by one of the following:

28 *a.* Average monthly unemployment level for the most recent
29 twelve-month period.

30 *b.* Average annualized unemployment level for the most recent
31 five-year period.

32 Sec. 16. Section 15A.7, subsection 3, Code Supplement 2011,
33 is amended to read as follows:

34 3. That the employer shall agree to pay wages for the jobs
35 for which the credit is taken of at least the ~~county wage or~~

1 ~~the regional~~ laborshed wage, as calculated by the authority
 2 pursuant to section ~~15G.112~~ 15.327, subsection 3, ~~whichever~~
 3 ~~is lower~~ 7C. Eligibility for the supplemental credit shall
 4 be based on a one-time determination of starting wages by the
 5 community college.

6 Sec. 17. Section 15E.193, subsection 1, paragraph b,
 7 subparagraph (1), Code Supplement 2011, is amended to read as
 8 follows:

9 (1) The business shall provide a sufficient package of
 10 benefits to each employee holding a created or retained job.
 11 For purposes of this paragraph, "*created job*" and "*retained job*"
 12 have the same meaning as defined in section ~~15G.101~~ 15.327.

13 Sec. 18. Section 15E.193, subsection 1, paragraphs c and d,
 14 Code Supplement 2011, are amended to read as follows:

15 c. The business shall pay a wage that is at least ninety
 16 percent of the qualifying wage threshold. For purposes of this
 17 paragraph, "*qualifying wage threshold*" has the same meaning as
 18 defined in section ~~15G.101~~ 15.327.

19 d. Creates or retains at least ten full-time equivalent
 20 positions and maintains them until the maintenance period
 21 completion date. For purposes of this paragraph, "*maintenance*
 22 *period completion date*" and "*full-time equivalent position*" have
 23 the same meanings as defined in section ~~15G.101~~ 15.327.

24 Sec. 19. Section 15E.231, unnumbered paragraph 1, Code
 25 Supplement 2011, is amended to read as follows:

26 In order for an economic development region to receive
 27 ~~moneys under the economic development financial assistance~~
 28 ~~program established in section 15G.112~~ assistance pursuant to
 29 section 15.335B, an economic development region's regional
 30 development plan must be approved by the authority. An
 31 economic development region shall consist of not less than
 32 three counties, unless two contiguous counties have a combined
 33 population of at least three hundred thousand based on the
 34 most recent federal decennial census. An economic development
 35 region shall establish a focused economic development effort

1 that shall include a regional development plan relating to one
2 or more of the following areas:

3 Sec. 20. Section 15E.232, subsections 1, 3, 4, 5, and 6,
4 Code Supplement 2011, are amended to read as follows:

5 1. An economic development region may apply for financial
6 assistance from ~~the economic development~~ a fund established
7 pursuant to section 15.335B to assist with the installation
8 of physical infrastructure needs including, but not limited
9 to, horizontal infrastructure, water and sewer infrastructure,
10 and telecommunications infrastructure, related to the
11 development of fully served business and industrial sites by
12 one or more of the region's economic development partners
13 or for the installation of infrastructure related to a
14 new business location or expansion. In order to receive
15 financial assistance pursuant to this subsection, the economic
16 development region must demonstrate all of the following:

17 a. The ability to provide matching moneys on a basis of a
18 one dollar contribution of local matching moneys for every two
19 dollars received from the economic development fund.

20 b. The commitment of the specific business partner
21 including, but not limited to, a letter of intent defining a
22 capital commitment or a percentage of equity.

23 c. That all other funding alternatives have been exhausted.

24 3. An economic development region may apply for financial
25 assistance from ~~the economic development~~ a fund established
26 pursuant to section 15.335B to assist an existing business
27 threatened with closure due to a potential consolidation to an
28 out-of-state location. The economic development region may
29 apply for financial assistance from the economic development
30 fund for the purchase, rehabilitation, or marketing of a
31 building that has become available due to the closing of an
32 existing business due to a consolidation to an out-of-state
33 location. In order to receive financial assistance under this
34 subsection, an economic development region must demonstrate the
35 ability to provide local matching moneys on a basis of a one

1 dollar contribution of local moneys for every three dollars
2 received from the economic development fund.

3 4. An economic development region may apply for financial
4 assistance from ~~the economic development~~ a fund established
5 pursuant to section 15.335B to establish and operate an
6 entrepreneurial initiative. In order to receive financial
7 assistance under this subsection, an economic development
8 region must demonstrate the ability to provide local matching
9 moneys on a basis of a one dollar contribution of local moneys
10 for every two dollars received from the economic development
11 fund.

12 5. a. An economic development region may apply for
13 financial assistance from ~~the economic development~~ a fund
14 established pursuant to section 15.335B to establish and
15 operate a business succession assistance program for the
16 region.

17 b. In order to receive financial assistance under this
18 subsection, an economic development region must demonstrate
19 the ability to provide local matching moneys on a basis of a
20 one dollar contribution of local moneys for every two dollars
21 received from the economic development fund.

22 6. An economic development region may apply for financial
23 assistance from ~~the economic development~~ a fund established
24 pursuant to section 15.335B to implement economic development
25 initiatives that are either unique to the region or innovative
26 in design and implementation. In order to receive financial
27 assistance under this subsection, an economic development
28 region must demonstrate the ability to provide local matching
29 moneys on a one-to-one basis.

30 Sec. 21. Section 15E.351, subsection 1, Code Supplement
31 2011, is amended to read as follows:

32 1. The economic development authority shall establish and
33 administer a business accelerator program to provide financial
34 assistance for the establishment and operation of a business
35 accelerator for technology-based, value-added agricultural,

1 information solutions, alternative and renewable energy
 2 including the alternative and renewable energy sectors listed
 3 in section 476.42, subsection 1, paragraph "a", subparagraph
 4 (1), or advanced manufacturing start-up businesses or for a
 5 satellite of an existing business accelerator. The program
 6 shall be designed to foster the accelerated growth of new
 7 and existing businesses through the provision of technical
 8 assistance. The economic development authority may provide
 9 financial assistance under this section from moneys allocated
 10 for ~~regional~~ financial assistance for business accelerators
 11 pursuant to section ~~15G.111~~ section 15.335B, subsection 9 2.

12 Sec. 22. Section 159A.6B, subsection 2, Code Supplement
 13 2011, is amended to read as follows:

14 2. The office may execute contracts in order to provide
 15 technical support and outreach services for purposes of
 16 assisting and educating interested persons as provided in this
 17 section. The office may also contract with a consultant to
 18 provide part or all of these services. The office may require
 19 that a person receiving assistance pursuant to this section
 20 contribute up to fifty percent of the amount required to
 21 support the costs of contracting with the consultant to provide
 22 assistance to the person. The office shall assist the person
 23 in completing any technical information required in order
 24 to receive assistance by the economic development authority
 25 pursuant to ~~the value-added agriculture component of the~~
 26 ~~economic development financial assistance program established~~
 27 ~~pursuant to section 15G.112~~ section 15.335B.

28 Sec. 23. Section 266.19, Code Supplement 2011, is amended
 29 to read as follows:

30 **266.19 Renewable fuel — assistance.**

31 The university shall cooperate in assisting renewable fuel
 32 production facilities supporting livestock operations managed
 33 by persons receiving assistance pursuant to ~~the value-added~~
 34 ~~agriculture component of the economic development financial~~
 35 ~~assistance program established in section 15G.112~~ section

1 15.335B.

2 Sec. 24. Section 455B.104, subsection 2, Code Supplement
3 2011, is amended to read as follows:

4 2. The department shall assist persons applying for
5 assistance to establish and operate renewable fuel production
6 facilities pursuant to ~~the value-added agriculture component~~
7 ~~of the economic development financial assistance program~~
8 ~~established in section 15G.112~~ section 15.335B.

9 Sec. 25. Section 455B.433, Code Supplement 2011, is amended
10 to read as follows:

11 **455B.433 Physical infrastructure assistance — funding —**
12 **liability.**

13 1. The department of natural resources shall work in
14 conjunction with the economic development authority to identify
15 environmentally contaminated sites which qualify for ~~the~~
16 ~~infrastructure component of the economic development financial~~
17 ~~assistance program established in section 15G.112~~ assistance
18 under section 15.335B as necessary physical infrastructure
19 projects. The department shall provide an assessment of the
20 site and shall provide any emergency response activities which
21 the department deems necessary. The department may take any
22 further action, including remediation of the site, that the
23 department deems to be appropriate and which promotes the
24 purposes of the necessary physical infrastructure component
25 project.

26 2. The department shall be reimbursed ~~from the economic~~
27 ~~development fund created in section 15G.111~~ by the economic
28 development authority for any costs incurred pursuant to this
29 section.

30 3. A person shall not have standing pursuant to section
31 455B.111 to commence a citizen suit which is based upon
32 property that is ~~part of the infrastructure component of the~~
33 ~~economic development financial assistance program established~~
34 ~~in section 15G.112~~ receiving assistance pursuant to section
35 15.335B as a necessary physical infrastructure project.

1 Sec. 26. RULES. The economic development authority shall
2 adopt rules for the implementation of this division of this
3 Act.

4 Sec. 27. EFFECTIVE UPON ENACTMENT. The following provision
5 or provisions of this division of this Act, being deemed of
6 immediate importance, take effect upon enactment:

7 1. The section of this division of this Act enacting section
8 15.331.

9 Sec. 28. APPLICABILITY. The following provision or
10 provisions of this division of this Act apply to awards of
11 incentives or assistance made pursuant to the high quality jobs
12 program or the enterprise zones program on or after the date
13 of enactment:

14 1. The section of this Act amending section 15.331.

15 DIVISION II

16 TARGETED INDUSTRIES PROGRAM

17 Sec. 29. Section 15.102, subsection 11, Code Supplement
18 2011, is amended to read as follows:

19 11. *"Targeted industries"* means the ~~same as defined~~
20 ~~in section 15.411, subsection 1~~ industries of advanced
21 manufacturing, biosciences, and information technology.

22 Sec. 30. Section 15.106B, subsection 2, paragraph d,
23 subparagraph (1), Code Supplement 2011, is amended by adding
24 the following new subparagraph division:

25 NEW SUBPARAGRAPH DIVISION. (g) Services related to
26 outreach and assistance to businesses for small business
27 innovation research and technology transfer pursuant to section
28 15.411, subsection 5.

29 Sec. 31. Section 15.411, Code Supplement 2011, is amended
30 to read as follows:

31 15.411 Targeted industries Innovative business development —
32 internships — technical and financial assistance.

33 1. As used in this part, unless the context otherwise
34 requires:

35 a. "Innovative business" means the same as defined in

1 section 15E.52.

2 ~~a.~~ b. "*Internship*" means temporary employment of a student
3 that focuses on providing the student with work experience in
4 the student's field of study.

5 ~~b.~~ "~~*Targeted industries*~~" ~~means the industries of advanced~~
6 ~~manufacturing, biosciences, and information technology.~~

7 2. The authority ~~shall, upon board approval, may~~ contract
8 with service providers on a case-by-case basis for services
9 related to statewide commercialization development ~~in the~~
10 ~~targeted industries~~ of innovative businesses. Services
11 provided shall include all of the following:

12 a. Assistance provided directly to businesses by experienced
13 serial entrepreneurs for all of the following activities:

14 (1) Business plan development.

15 (2) Due diligence.

16 (3) Market assessments.

17 (4) Technology assessments.

18 (5) Other planning activities.

19 b. Operation and coordination of various available
20 competitive seed and prototype development funds.

21 c. Connecting businesses to private angel investors and the
22 venture capital community.

23 d. Assistance in obtaining access to an experienced pool
24 of managers and operations talent that can staff, mentor, or
25 advise start-up enterprises.

26 e. Support and advice for accessing sources of early stage
27 financing.

28 3. The authority shall establish and administer a program
29 to provide financial and technical assistance to encourage
30 prototype and concept development activities by innovative
31 businesses that have a clear potential to lead to commercially
32 viable products or services within a reasonable period of time
33 ~~in the targeted industries~~. Financial assistance shall be
34 awarded on a per project basis upon board approval. ~~The amount~~
35 ~~of financial assistance available for a single project shall~~

1 ~~not exceed one hundred fifty thousand dollars.~~ In order to
 2 receive financial assistance, an applicant must demonstrate
 3 the ability to secure one dollar of nonstate moneys for every
 4 two dollars received from the authority. For purposes of this
 5 section, "financial assistance" means assistance provided only
 6 from the funds, rights, and assets legally available to the
 7 authority pursuant to this chapter and includes but is not
 8 limited to assistance in the form of grants, loans, forgivable
 9 loans, and royalty payments.

10 ~~4. The authority shall, upon board approval, establish~~
 11 ~~and administer a program to provide financial assistance for~~
 12 ~~projects designed to encourage collaboration between commercial~~
 13 ~~users and developers of information technology in the state~~
 14 ~~for the purpose of commercializing existing software and~~
 15 ~~applications technologies. Financial assistance shall not~~
 16 ~~exceed one hundred thousand dollars per project. In order to~~
 17 ~~receive financial assistance, an applicant must demonstrate the~~
 18 ~~ability to secure two dollars of nonstate moneys for every one~~
 19 ~~dollar received from the authority. Financial assistance shall~~
 20 ~~be awarded to projects that will result in technologies being~~
 21 ~~developed as commercial products for sale by Iowa companies~~
 22 ~~rather than as custom applications for proprietary use by a~~
 23 ~~participating firm.~~

24 ~~5. The authority shall, upon board approval, establish~~
 25 ~~and administer a program to provide financial assistance to~~
 26 ~~businesses or departments of businesses engaged in the delivery~~
 27 ~~of information technology services in the state for the purpose~~
 28 ~~of upgrading the high-level technical skills of existing~~
 29 ~~employees. The amount of financial assistance shall not exceed~~
 30 ~~twenty-five thousand dollars for any business site. In order~~
 31 ~~to receive financial assistance, an applicant must demonstrate~~
 32 ~~the ability to secure two dollars of nonstate moneys for every~~
 33 ~~one dollar received from the authority.~~

34 ~~6. 4. The authority shall, upon board approval, establish~~
 35 ~~and administer a targeted industries an innovative businesses~~

1 internship program for Iowa students. For purposes of this
 2 subsection, "*Iowa student*" means a student of an Iowa community
 3 college, private college, or institution of higher learning
 4 under the control of the state board of regents, or a student
 5 who graduated from high school in Iowa but now attends an
 6 institution of higher learning outside the state of Iowa. The
 7 purpose of the program is to link Iowa students to small and
 8 medium sized Iowa firms ~~in the targeted industries~~ through
 9 internship opportunities. An Iowa employer may receive
 10 financial assistance in an amount of one dollar for every
 11 two dollars paid by the employer to an intern. The amount
 12 of financial assistance shall not exceed three thousand one
 13 hundred dollars for any single internship, or nine thousand
 14 three hundred dollars for any single employer. In order to be
 15 eligible to receive financial assistance under this subsection,
 16 the employer must have five hundred or fewer employees and must
 17 ~~be engaged in a targeted industry~~ an innovative business. The
 18 authority shall encourage youth who reside in economically
 19 distressed areas, youth adjudicated to have committed a
 20 delinquent act, and youth transitioning out of foster care to
 21 participate in the ~~targeted industries~~ internship program.

22 ~~7. The economic development authority shall work with the~~
 23 ~~department of workforce development to create a statewide~~
 24 ~~supplier capacity and product database to assist the economic~~
 25 ~~development authority in linking suppliers to Iowa-based~~
 26 ~~companies. The economic development authority may procure~~
 27 ~~technical assistance for the creation of the database from a~~
 28 ~~third party through a request for proposals process.~~

29 ~~8. The technology commercialization committee created~~
 30 ~~pursuant to section 15.116 shall review all applications for~~
 31 ~~financial assistance and requests for proposals pursuant to~~
 32 ~~this section and make recommendations to the board.~~

33 ~~9. In each fiscal year, the authority may transfer~~
 34 ~~additional moneys that become available to the authority~~
 35 ~~from sources such as loan repayments or recaptures of awards~~

~~1 from federal economic stimulus funds to the innovation
2 and commercialization development fund created in section
3 15.412, provided the authority spends those moneys for the
4 implementation of the recommendations included in the separate
5 consultant reports on bioscience, advanced manufacturing,
6 information technology, and entrepreneurship submitted to the
7 department in calendar years 2004, 2005, and 2006.~~

8 5. a. (1) The authority shall establish and administer
9 an outreach program for purposes of assisting businesses with
10 applications to the federal small business innovation research
11 and small business technology transfer programs.

12 (2) The goals of this assistance are to increase the number
13 of successful phase II small business innovation research grant
14 proposals in the state, increase the amount of such grant
15 funds awarded in the state, stimulate subsequent investment by
16 industry, venture capital, and other sources, and encourage
17 businesses to commercialize promising technologies.

18 b. (1) In administering the program, the authority may
19 provide technical and financial assistance to businesses.
20 Financial assistance provided pursuant to this subsection shall
21 not exceed twenty-five thousand dollars to any single business.

22 (2) The authority may require successful applicants to
23 repay the amount of financial assistance received, but shall
24 not require unsuccessful applicants to repay such assistance.
25 Any moneys repaid pursuant to this subsection may be used to
26 provide financial assistance to other applicants.

27 c. The authority may also provide financial assistance
28 for purposes of helping businesses meet the matching funds
29 requirements of the federal small business innovation research
30 and small business technology transfer programs.

31 d. The authority may contract with outside service providers
32 for assistance with the programs described in this subsection
33 or may delegate the functions to be performed under this
34 subsection to the corporation pursuant to section 15.106B.

35 ~~10.~~ 6. The board shall adopt rules pursuant to chapter 17A

1 necessary for the administration of this section.

2 Sec. 32. Section 15.412, subsections 2 and 3, Code
3 Supplement 2011, are amended to read as follows:

4 2. Moneys in the fund are appropriated to the authority and,
5 with the approval of the board, shall be used to facilitate
6 agreements, enhance commercialization ~~in the targeted~~
7 ~~industries~~, and increase the availability of skilled workers
8 ~~within the targeted industries~~ in innovative businesses. Such
9 moneys shall not be used for the support of retail businesses,
10 health care businesses, or other businesses requiring a
11 professional license.

12 3. Moneys in the fund, ~~with the approval of the board,~~ may
13 also be used for the following purposes:

14 a. For assistance to entities providing student internship
15 opportunities.

16 ~~b. For increasing career awareness training.~~

17 ~~c. For recruiting management talent.~~

18 ~~d.~~ b. For assistance to entities engaged in prototype and
19 concept development activities.

20 ~~e.~~ c. For developing a statewide commercialization network.

21 ~~f. For deploying and maintaining an Iowa entrepreneur~~
22 ~~website.~~

23 ~~g. For funding asset mapping and supply chain initiatives,~~
24 ~~including for identifying methods of supporting lean~~
25 ~~manufacturing practices or processes.~~

26 ~~h. For information technology training.~~

27 ~~i. For networking events to facilitate the transfer of~~
28 ~~technology among researchers and industries.~~

29 ~~j. For funding student competition programs.~~

30 ~~k. For the purchase of advanced equipment and software~~
31 ~~at Iowa community colleges in order to support training and~~
32 ~~coursework related to the targeted industries.~~

33 Sec. 33. Section 15E.52, subsection 1, paragraph c, Code
34 Supplement 2011, is amended to read as follows:

35 c. "Innovative business" means a business applying novel

1 or original methods to the manufacture of a product or the
 2 delivery of a service. *"Innovative business"* includes but
 3 is not limited to a business engaged in ~~a targeted industry~~
 4 ~~as defined in section 15.411~~ the industries of advanced
 5 manufacturing, biosciences, and information technology.

6 DIVISION III

7 OTHER ECONOMIC DEVELOPMENT CHANGES

8 Sec. 34. Section 15.106A, subsection 1, paragraph o, Code
 9 Supplement 2011, is amended to read as follows:

10 o. Establish one or more funds within the state treasury
 11 under the control of the authority. Moneys deposited in or
 12 accruing to such a fund are appropriated to the authority for
 13 purposes of administering the economic development programs in
 14 this chapter, chapter 15E, or such other programs as directed
 15 by law. Notwithstanding section 8.33 or 12C.7, or any other
 16 provision to the contrary, moneys invested by the treasurer
 17 of state pursuant to this subsection shall not revert to the
 18 general fund of the state and interest accrued on the moneys
 19 shall be moneys of the authority and shall not be credited to
 20 the general fund. The nonreversion of moneys allowed under
 21 this paragraph does not apply to moneys appropriated to the
 22 authority by the general assembly.

23 Sec. 35. REPEAL. Sections 15.103 and 15.104, Code
 24 Supplement 2011, are repealed.

25 DIVISION IV

26 FILM TAX CREDIT PROGRAM

27 Sec. 36. Section 2.48, subsection 3, paragraph c,
 28 subparagraph (5), Code 2011, is amended by striking the
 29 subparagraph.

30 Sec. 37. Section 15.119, subsection 2, paragraph b, Code
 31 Supplement 2011, is amended by striking the paragraph.

32 Sec. 38. Section 422.7, subsection 52, Code Supplement
 33 2011, is amended by striking the subsection.

34 Sec. 39. Section 422.33, subsections 23 and 24, Code
 35 Supplement 2011, are amended by striking the subsections.

1 Sec. 40. Section 422.35, subsection 23, Code Supplement
2 2011, is amended by striking the subsection.

3 Sec. 41. Section 422.60, subsections 10 and 11, Code
4 Supplement 2011, are amended by striking the subsections.

5 Sec. 42. Section 533.329, subsection 2, paragraphs f and g,
6 Code Supplement 2011, are amended by striking the paragraphs.

7 Sec. 43. REPEAL. Sections 15.391, 15.392, 422.11T,
8 422.11U, 432.12J, and 432.12K, Code 2011, are repealed.

9 Sec. 44. REPEAL. Section 15.393, Code Supplement 2011, is
10 repealed.

11 Sec. 45. EFFECTIVE UPON ENACTMENT. This division of this
12 Act, being deemed of immediate importance, takes effect upon
13 enactment.

14 Sec. 46. RETROACTIVE APPLICABILITY. This division of this
15 Act applies retroactively to January 1, 2012, for tax years
16 beginning on or after that date.

17 Sec. 47. APPLICABILITY. This division of this Act does not
18 apply to contracts or agreements entered into on or before the
19 effective date of this division of this Act.

20 EXPLANATION

21 This bill relates to economic development and the use of
22 funds by affecting programs, tax incentives, and project
23 completion and other assistance administered by the economic
24 development authority. The bill diverts withholding tax
25 payments for such programs, incentives, and assistance. The
26 bill provides general spending authority to the economic
27 development authority for funds established pursuant to Code
28 section 15.106A. The bill abolishes the film tax credit
29 program.

30 HIGH QUALITY JOBS PROGRAM. Division I relates to assistance
31 in the high quality jobs program and related assistance and
32 programs.

33 The bill amends Code chapter 15, part 13, to provide for
34 assistance when providing for incentives. The bill includes
35 amendments to definitions, which incorporate the language of

1 the definitions in Code chapter 15G, the economic development
2 fund and financial assistance program (formerly, the grow Iowa
3 values fund and program), which is repealed June 30, 2012, with
4 some modifications. The bill transfers the definitions of
5 "created job", "maintenance period completion date", "retained
6 job", "financial assistance", "full-time equivalent position",
7 "maintenance period", and "project completion period" from Code
8 section 15G.101 to Code section 15.327.

9 The bill transfers the definitions of "benefit", "fiscal
10 impact ratio", "project completion date", "qualifying wage
11 threshold", and "base employment level" from Code section
12 15G.101 to Code section 15.327, with modifications. The bill
13 changes the definition of "benefit" by providing that the
14 economic development board, rather than the authority, shall
15 determine any other nonwage compensation that is considered a
16 benefit. The bill changes the calculation of a "fiscal impact
17 ratio". The estimated taxes to be received by the state from a
18 business would be divided by the estimated cost to the state of
19 providing certain project completion assistance and incentives
20 to the business rather than dividing the estimated taxes by
21 the cost of providing financial incentives to the business.
22 The bill amends the definition of "project completion date"
23 to provide that the person may be a recipient of project
24 completion assistance rather than financial assistance. The
25 bill amends the definition of "qualifying wage threshold".
26 The bill provides that the qualifying wage threshold means
27 the "laborshed wage" as defined in the bill rather than the
28 county or regional wage. The bill provides that the "base
29 employment level" is calculated as of the date the business
30 applies for incentives or project completion assistance rather
31 than financial assistance.

32 The bill also adds definitions for "business engaged in
33 disaster recovery", "fund", "laborshed wage", "necessary
34 physical infrastructure project", "program support", and
35 "project completion assistance" in Code section 15.327. The

1 bill provides that a "business engaged in disaster recovery"
2 means a business located in a federally declared disaster
3 area that sustained substantial physical damage and closed
4 as a result of the disaster, but has a plan for reopening
5 that includes employing a substantial number of the employees
6 the business employed before the natural disaster. The bill
7 provides that "fund" means a fund created pursuant to new Code
8 section 15.335B. The bill provides that "laborshed wage" means
9 the wage level represented by those wages within two standard
10 deviations from the mean wage within the laborshed area, as
11 calculated by the authority. The bill defines "necessary
12 physical infrastructure project" as a project creating
13 necessary infrastructure for economic success by providing
14 the foundation for job creation, and involving investment of
15 capital. The bill defines "program support" as the services
16 necessary for the efficient administration of the high quality
17 jobs program. The bill defines "project completion assistance"
18 as financial or technical assistance provided to an eligible
19 business to facilitate the start-up, location, or expansion of
20 the business.

21 The bill strikes the definitions for "benefits", "county
22 wage", "qualifying wage threshold", and "regional wage" as used
23 in Code section 15.335A, as those definitions placed by the
24 bill in Code section 15.327 also apply to Code section 15.335A.

25 The bill amends Code section 15.329 regarding qualifying
26 wage thresholds for eligible businesses. The current law
27 requires that any jobs created or retained pay at least
28 130 percent of the qualifying wage threshold at the project
29 completion date until the maintenance period completion
30 date. The bill provides that a business eligible to receive
31 incentives or assistance for creating or retaining jobs must
32 pay at least 120 percent of the qualifying wage threshold
33 at the project completion date until the maintenance period
34 completion date. The bill also eliminates a credit against
35 the qualifying wage threshold for businesses that create or

1 retain jobs with sufficient benefits packages. However, the
2 bill allows the authority to provide assistance to a business
3 paying less than 120 percent but at least 100 percent of the
4 qualifying wage threshold if the business is located in an
5 economically distressed area. An economically distressed
6 area is defined in the bill as a county that ranks among the
7 bottom 25 counties in Iowa based on either the average monthly
8 unemployment level for the most recent 12-month period, or
9 the average annualized unemployment level for the most recent
10 five-year period.

11 The bill amends Code section 15.330 to include financial
12 assistance where the statutory language provides for
13 incentives. The bill also amends Code section 15.330 to
14 eliminate references to Code chapter 15G, the economic
15 development fund and financial assistance program, which is
16 repealed on June 30, 2012.

17 The bill provides that an agreement between the business
18 and the authority that specifies the requirements to be met to
19 confirm eligibility must include the amount and type of project
20 completion assistance to be provided, the amount of matching
21 funds from a city or county, a provision that the business
22 shall not close or substantially reduce operations as those
23 terms are modified in the bill, a provision that the proposed
24 project shall not negatively impact other businesses in
25 competition with the business being considered for assistance,
26 a report submitted to the authority describing violations of
27 environmental law or worker safety law, a provision that the
28 business shall only employ individuals legally authorized to
29 work in the state, and any terms necessary to effect compliance
30 with the eligibility requirements of Code section 15.329.

31 The bill adds a new Code section 15.330A regarding the
32 maintenance of agreements. The new Code section provides that
33 an eligible business that is receiving incentives or assistance
34 must meet the terms and obligations in the agreement by the
35 project completion date and the business must comply with the

1 agreement throughout the maintenance period. If the recipient
2 business experiences a layoff or closure within the state, the
3 authority is authorized to reduce or eliminate part or all of
4 the incentives or assistance. The business may also be subject
5 to repayment of the incentives and assistance. The bill allows
6 the authority to enforce the terms of an agreement as necessary
7 and appropriate.

8 The bill eliminates the county wage or regional wage
9 calculations as a tool for determining whether to grant a
10 project-specific waiver. The bill also eliminates a provision
11 that prohibits the authority from approving more than \$3.6
12 million worth of investment tax credits for projects with
13 qualifying investments of less than \$1 million.

14 The bill provides that one or more funds shall be established
15 within the state treasury to be used for assistance under newly
16 created Code section 15.335B. One of the funds shall consist
17 of moneys deposited by the department of revenue pursuant to
18 a withholding tax diversion through new Code section 15.331.
19 Moneys deposited into the fund shall be used for project
20 completion assistance, economic development region financial
21 assistance, financial assistance for business accelerators, the
22 innovation and commercialization fund, financial assistance
23 to businesses engaged in disaster recovery, and financial
24 assistance to Iowa's councils of governments.

25 The bill provides that the authority shall estimate the
26 revenues available for project completion and shall develop
27 a budget for the expenditure of funds each fiscal year. In
28 providing assistance, the authority shall make determinations
29 as to the amount and type of assistance that is most
30 appropriate. Each eligible business that receives assistance
31 under Code section 15.335B must enter into an agreement with
32 the authority that meets the requirements of agreements under
33 the high quality jobs program pursuant to Code sections 15.330
34 and 15.330A.

35 The bill provides that the authority may enter into

1 agreements with recipients of financial assistance under the
2 high quality jobs program and the enterprise zones program that
3 allow for the diversion of withholding tax payments pursuant
4 to Code section 422.16 from the department of revenue to the
5 authority. The diversion amount will be 2.5 percent of gross
6 wages paid by eligible businesses to each employee considered
7 to be holding a created or retained job. The bill provides
8 that the authority may only deposit \$10 million from this
9 diversion each fiscal year. The bill establishes a priority
10 withholding order if the employee's wages are subject to
11 another withholding diversion. The bill provides that the
12 withholding diversion takes effect upon enactment and applies
13 to awards of incentives and assistance made under those
14 programs on or after the date of the bill's enactment.

15 The bill removes references to the economic development
16 fund and financial assistance program and replaces it with the
17 assistance created by new Code section 15.335B.

18 TARGETED INDUSTRIES PROGRAM. Division II relates to the
19 targeted industries program. The term "targeted industries"
20 in Code section 15.411 is replaced with "innovative business".
21 The bill no longer requires board approval for the authority
22 to contract with service providers for services related to
23 commercialization development. The bill removes the \$150,000
24 limitation on financial assistance for a single project of
25 an innovative business. The bill removes the requirement
26 that the authority administer a program to provide financial
27 assistance for projects designed to encourage collaboration
28 between commercial users and developers of information
29 technology. The bill also removes the requirement the
30 authority establish and administer a program to provide
31 financial assistance to business or business departments
32 engaged in the delivery of information technology services
33 in the state. The bill eliminates the requirement that the
34 authority and department of workforce development create a
35 statewide supplier capacity and product database. The bill

1 provides that applications for financial assistance under the
2 innovative businesses program no longer require a review by
3 the technology commercialization committee. The bill removes
4 the transfer provisions relating to money received by the
5 authority as loan repayments or recaptures of federal economic
6 stimulus funds. The bill requires the authority to establish
7 and administer an outreach program to assist businesses with
8 applications to the federal small business innovation research
9 and small business technology transfer programs. However,
10 the authority may contract with outside service providers for
11 assistance with the program or may delegate the administration
12 of the program to the Iowa innovation corporation pursuant to
13 Code section 15.106B. The authority may provide technical
14 or financial assistance and may require that successful
15 applicants repay any financial assistance received. The
16 bill specifies that moneys appropriated to the innovation
17 and commercialization development fund shall not be used for
18 retail businesses, health care businesses, or other businesses
19 requiring a professional license. The bill also reduces the
20 number of purposes for which money in the innovation and
21 commercialization development fund may be used.

22 OTHER ECONOMIC DEVELOPMENT CHANGES. Division III of the
23 bill repeals Code sections 15.103 and 15.104, relating to the
24 economic development board, which was replaced by the economic
25 development authority board in Code section 15.105.

26 The bill provides spending authority for moneys deposited
27 in or accruing to funds established pursuant to Code section
28 15.106A for the purposes of administering economic development
29 programs in Code chapters 15 and 15E, or other programs as
30 directed by law.

31 FILM TAX CREDIT PROGRAM. Division IV repeals the film tax
32 credit program and the tax credits provided under that program.

33 The bill makes changes corresponding to the repeal of the
34 program and the related tax credits.